

THE WHITE HOUSE
WASHINGTON

November 16, 1966

MEMORANDUM FOR

HEADS OF ALL EXECUTIVE DEPARTMENTS AND AGENCIES

There is no subject of greater importance to the people of this country and to me than the efficient and effective operation and evaluation of our programs. At my recommendation, the Congress has entrusted the Executive Branch of the Government with a wide variety of far-reaching social programs of unparalleled significance in the history of this country. It is essential that we in the Executive Branch, as the trustees of the public's funds appropriated for these programs, make certain that they are operated at a maximum level of efficiency and effectiveness for all Americans, and particularly for the people they are designed to reach. This can only be accomplished by bringing into the Federal Government the most modern management techniques available through our free enterprise system in American business.

My deep concern to make certain that this be done was the basis for my memorandum of August 25, 1965. That memorandum directed the institution of a Government-wide planning-programming-and budgeting system of the type that has proven successful in so many wide-ranging, large corporate and defense and space activities. We now are receiving the benefits of the first year's experience with this system. Some agencies have put it into effect even more rapidly than we anticipated. Too many agencies, however, have been slow in establishing effective planning-programming-and budgeting systems. And, even when established, they have often not been used in making top management decisions. It is my desire that every agency of the Federal Government have such a system, and use it effectively.

For through this system, as I stated at the outset, we will have the ability to

- Identify our national goals with greater precision.
- Determine which of those goals are the most urgent.
- Develop and analyze alternative means of reaching those goals most effectively.

- Inform ourselves accurately of the probable costs of our programs.
- Improve the performance of the Federal Government to insure the American taxpayer a dollar's worth of service for each dollar spent.

It is clear that these are not easy tasks. In too many cases the quality of analysis needs substantial improvement. I recognize that it takes time to develop the personnel, the skills, the data and the understanding of what needs to be done. But it is essential that all of us work to reduce this time to a minimum. This means that you must:

- Train and recruit the necessary staff.
- Subject your objectives, programs, costs, and accomplishments to systematic and continuous review.
- Search for new and more effective ways of accomplishing their objectives.
- Relate analysis explicitly to budget requests so that those requests follow from and support comprehensive and well-thought-out agency plans.

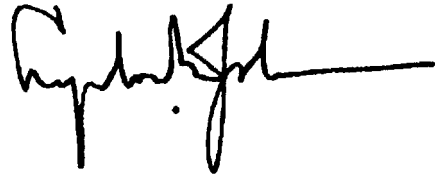
Most important, this effort requires your personal interest and participation. Objectives will not be questioned unless you make it clear you want them questioned. Existing programs will not be evaluated critically unless you insist upon it. Alternatives will not be presented unless you demand them. The hard choices will not be made well unless you make them, and do so on the basis of critiques and analyses prepared by your own staffs. Getting these things done is up to you.

I intend, on a Government-wide basis, to question objectives, evaluate progress, seek alternatives and make the hard choices on the basis of careful analyses. And I want you to do the same thing within your agencies. I have, therefore, asked the Budget Director to sit down with each of you to review your Planning-Programming-Budgeting Systems and give you his objective analysis of its effectiveness.

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He will then report to me on a quarterly basis, beginning with the first quarter of Calendar 1967, on the progress of your implementation of my directive.

As I make my budget and legislative decisions in the period ahead, I will look to the materials you have produced in the Planning-Programming-Budgeting System process for your appraisal of priority needs and the most effective ways of meeting them.

A handwritten signature in black ink, appearing to be "Lyndon B. Johnson", with a long horizontal line extending to the right.

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ACTION		DIRECT REPLY	PREPARE REPLY
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Remarks: <i>John; Each Deputy Director should have a copy of this with a covering memorandum which I wanted him to sign.</i>			
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